4/11/88 R4105-4 A

Consumer Confidence Survey

- *Business*
- *Employment*
- *Income*
- *Inflation*
- *Interest Rates*
- *Stock Prices*

April 1988

CONFIDENCE: DOWN SLIGHTLY BUT STILL STRONG

After chalking up an impressive recovery in three consecutive months following the October market crash, the measure of consumer confidence edged off in March. The current Index reading (1985 = 100) is 112.8, a decline of two points for the month. Most of the loss reflects the consumer's less favorable assessment of the employment situation. Buying plans, too, are down moderately.

On the issue of ongoing business conditions, people were about as optimistic as in February. But there is a bit more concern about employment. While 29% report jobs are "plentiful," 24% complain that they are "hard to get." Both figures are less positive than in the preceding month.

The consumer's outlook for the next six months has not changed very much. After a good gain a month earlier, the expectations index inched down. Fewer people now believe that more jobs will become available. In assessing their income prospects, consumers are also slightly less optimistic: 28.2% now believe that their earnings will increase, down from 30.6%. However, the current figure is still at a comfortable level.

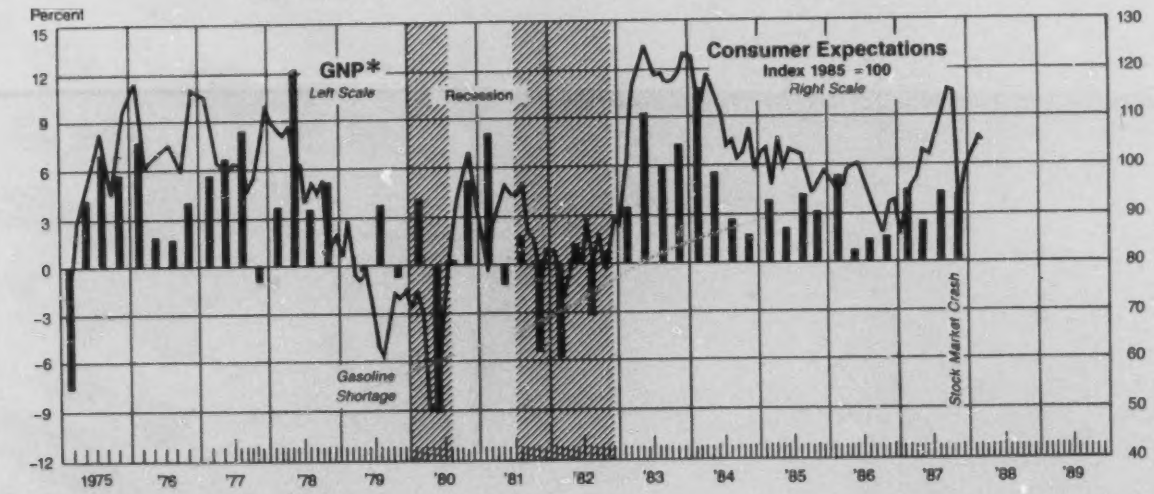
Plans to buy a car edged back to 9.2% of all survey respondents, from 9.6%, a fractional loss compared with February's full 2-point rise in intentions. Plans to purchase a home have also slipped to 4.6%, from an impressive prior 5.0 percent. Similarly, major appliance plans were down in March but remain a good deal higher than in January.

The most positive survey finding is an apparent revival of public confidence in the stock market. While a single month's reading is still too fragile to be conclusive, March results were strikingly stronger than in recent months. Some 47% of respondents now expect stock prices to increase, 18% believe they will decline. In February, only 37% were bullish, 30% were bearish. The latest figures are the most positive recorded since July. Opinion had grown increasingly cautious between August and early October.

Overall, the small decline in the Confidence Index in March, following the substantial gain in February, is indecisive. A loss of two points in these circumstances is still within the range of statistical static. Just about all of the loss in optimism results from the consumer's becoming somewhat less secure with the employment situation. However, the recent news about jobs from Washington has been good. It is too early to tell whether the latest survey findings are still a bit clouded, or if the consumer knows something the Labor Department has yet to learn.

Fabian Linden

Consumer Expectations and Changes in GNP



*Quarterly changes in real GNP at annual rates.

U.S. Department of Commerce; NFO Research Inc.; The Conference Board.

Confidence and Buying Plans

Based on surveys conducted by NFO Research, Inc.
Percentage of all households = 100%

Business **Employment** **Income**

All series seasonally adjusted.	1987 *Mar.*	*Apr.*	*May*	*June*	*July*	*Aug.*	*Sep.*	*Oct.*	*Nov.*	*Dec.*	1988 *Jan.*	*Feb.(r)*	*Mar(p)*
Composite Series: Index Numbers, 1985 = 100													
Consumer Confidence Index	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	109.9	114.9	112.8
Present Situation	94.2	92.7	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	121.5	129.1	124.8
Expectations	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6	102.2	105.5	104.8
Appraisal of Present Situation: Percent													
Business Conditions													
Good	24.0	23.3	25.2	26.9	26.1	28.5	29.9	30.9	26.4	24.8	26.4	29.6	29.2
Bad	26.4	24.7	24.6	22.7	22.9	20.3	19.4	19.4	20.3	18.5	18.3	18.9	18.7
Normal	49.6	52.0	50.2	48.4	51.0	51.2	50.7	49.7	53.3	56.7	55.3	51.5	52.1
Employment													
Jobs plentiful	21.9	20.5	21.9	25.1	24.6	27.0	27.8	28.5	26.8	27.0	29.5	31.4	29.0
Jobs not so plentiful	45.6	46.7	47.9	44.3	46.1	45.3	46.1	47.4	47.0	49.4	44.8	45.9	47.1
Jobs hard to get	32.5	32.8	30.2	30.6	29.3	27.7	26.1	24.1	26.2	23.6	25.7	22.9	23.9
Expectations for Six Months Hence: Percent													
Business Conditions													
Better	18.2	18.8	20.9	18.5	19.6	22.0	24.2	23.7	18.3	19.9	18.7	19.7	19.9
Worse	9.1	7.3	7.8	9.3	7.4	7.2	7.2	8.1	12.4	9.2	8.0	7.9	7.6
Same	72.7	73.9	71.4	72.2	73.0	70.8	68.6	68.2	69.3	70.9	73.3	72.4	72.5
Employment													
More jobs	14.9	16.5	17.7	16.1	17.5	20.1	20.9	19.3	15.5	16.8	16.2	16.7	15.7
Fewer jobs	15.6	15.6	14.1	16.0	14.6	15.3	14.2	13.8	19.1	16.6	15.6	14.4	14.0
Same	69.5	67.9	68.2	67.9	67.9	64.6	64.9	66.9	65.4	66.6	68.2	68.9	70.3
Income													
Increase	24.5	23.3	24.1	23.7	26.1	26.5	29.5	28.7	28.0	28.3	26.2	30.6	28.2
Decrease	8.1	8.3	6.6	7.4	6.6	7.5	5.8	7.3	9.1	8.4	6.3	6.5	6.5
Same	67.4	68.4	69.3	68.9	67.3	66.0	64.7	64.0	62.9	63.3	67.5	62.9	65.3
Plans to Buy Within Six Months: Percent													
Automobile													
Yes	7.5	7.2	9.0	7.0	7.7	7.1	8.8	8.5	8.2	8.2	7.5	9.6	9.2
New	4.0	4.3	4.2	3.3	4.8	3.6	3.8	4.2	4.3	4.5	3.7	4.7	5.2
Used	2.8	2.2	3.6	3.1	2.1	2.9	3.5	3.0	2.8	3.0	3.0	3.5	3.3
Uncertain	0.7	0.7	1.2	0.6	0.8	0.6	1.5	1.3	1.2	0.7	0.8	1.4	0.7
Home													
Yes	4.1	3.2	4.1	3.3	3.6	4.1	3.9	3.9	3.7	3.5	3.8	5.0	4.6
New	1.4	0.7	1.3	0.9	0.8	1.4	1.2	1.1	1.0	0.8	1.3	1.6	1.8
Lived in	2.0	1.7	1.8	1.5	2.1	1.8	1.8	1.7	2.0	1.7	1.7	2.1	2.0
Uncertain	0.7	0.8	1.0	0.9	0.7	0.9	0.9	1.1	0.7	1.0	0.8	1.3	0.8
Major appliances													
Total plans	29.1	27.4	36.3	29.4	29.8	30.5	32.5	32.0	31.1	28.2	29.4	36.0	33.5
Refrigerator	4.6	4.0	5.6	4.7	4.6	4.5	5.1	4.7	4.3	4.1	5.0	5.8	5.1
Washing machine	4.3	3.6	4.8	3.9	4.4	4.1	5.4	4.8	4.4	3.3	4.1	5.4	4.3
TV Set	7.1	6.5	9.2	7.4	7.8	7.2	7.5	7.5	7.9	7.5	6.7	8.2	8.5
Vacuum Cleaner	5.5	5.2	6.4	4.6	4.8	5.0	5.6	5.3	5.6	5.5	4.6	5.9	5.8
Range	2.5	3.3	3.9	2.9	3.2	3.3	2.9	3.6	3.2	2.8	3.1	3.5	3.2
Clothes dryer	3.7	3.0	4.1	3.8	3.2	3.6	3.7	4.0	3.7	3.1	3.7	4.2	4.2
Air conditioner	1.4	1.8	2.3	2.1	1.8	2.8	2.3	2.1	2.0	1.9	2.2	3.0	2.4
Carpet	8.2	6.0	10.0	7.3	7.0	6.0	8.3	6.7	6.8	7.7	8.3	8.3	9.4
Vacation Intended Within Six Months: Percent*													
Vacation Intended		47.9		48.5		51.9		54.3		50.9		51.2	
Destination †													
U.S.		43.2		44.2		46.7		48.6		44.5		44.3	
Foreign country		6.5		6.6		7.0		7.8		8.2		8.9	
Means of travel													
Automobile		28.8		29.8		30.6		32.9		30.9		29.8	
Airplane		19.3		20.7		21.2		20.4		18.9		19.9	
Other		4.3		3.7		4.3		4.6		3.8		5.0	

(p)—preliminary (r)—revised

* All vacation plans data have been revised based on updated seasonal factors. Historical data are available on request.

† The U.S. and Foreign country series for December, 1987 and thereafter are not strictly comparable to earlier months.

Not seasonally adjusted	1987 Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.(r)	Mar.(p)
Expectations for Twelve Months Hence: Percent													
Inflation Rate													
Average						4.4	4.3	4.4	4.5	4.5	4.3	4.3	4.3
Interest Rates													
Higher				71.6	64.8	63.9	73.9	75.0	55.2	58.5	58.9	49.9	58.5
Same				18.3	25.4	24.0	18.4	17.2	22.8	24.1	24.9	25.7	27.9
Lower				10.1	9.8	12.1	7.7	7.8	22.0	17.4	16.2	24.4	13.6
Stock Prices													
Increase				43.6	46.3	45.5	41.4	39.9	34.1	31.1	36.0	36.6	47.0
Same				34.9	36.9	33.0	31.4	31.0	27.0	28.6	31.0	33.6	35.0
Decrease				21.5	16.8	21.5	27.2	29.1	38.9	38.3	33.0	29.8	17.9

CONSUMER CONFIDENCE BY REGION

Seasonally unadjusted Index numbers:1985 = 100	1987 Mar	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.(r)	Mar.(p)	Avg. 1987	Avg. 1988	Jan. Feb. Mar. Percent Change*
NEW ENGLAND																
Consumer Confidence Index	152.8	137.3	150.5	155.8	156.6	152.7	158.5	160.0	141.7	148.2	153.6	155.0	150.7	154.4	153.1	– 0.8
Present Situation	191.2	180.4	192.6	201.5	206.9	207.1	209.4	208.7	200.7	204.7	199.2	202.4	198.7	194.5	200.1	2.8
Expectations	127.2	108.5	122.5	125.4	123.0	116.5	124.6	127.6	102.3	110.6	123.2	123.4	118.7	127.6	121.8	– 4.5
MIDDLE ATLANTIC																
Consumer Confidence Index	95.9	102.3	98.8	104.6	113.5	107.0	117.9	124.0	101.5	108.8	114.5	114.8	123.0	91.9	117.4	27.8
Present Situation	95.9	104.5	109.4	123.4	130.5	121.5	139.9	152.2	127.5	137.3	142.4	136.2	145.6	94.1	141.4	50.2
Expectations	95.9	100.8	91.7	92.1	102.1	97.3	103.3	105.2	84.3	89.8	95.9	100.5	107.9	90.4	101.4	12.2
EAST NORTH CENTRAL																
Consumer Confidence Index	85.9	79.4	86.4	83.3	87.3	91.6	102.9	103.8	88.0	87.9	97.0	97.0	95.0	77.4	96.3	24.5
Present Situation	77.7	73.1	79.8	98.8	86.5	102.3	111.7	116.0	99.4	96.3	103.4	99.2	90.8	70.3	97.8	39.0
Expectations	91.4	83.6	90.8	73.0	87.9	84.5	97.0	95.6	80.4	82.3	92.8	95.6	97.8	82.1	95.4	16.2
WEST NORTH CENTRAL																
Consumer Confidence Index	62.4	65.4	77.6	78.3	70.1	75.8	92.2	89.6	73.7	71.5	89.6	98.2	88.0	60.3	91.9	52.6
Present Situation	38.9	40.0	54.0	72.8	55.5	59.1	91.5	94.8	77.2	74.9	77.8	84.8	70.4	43.6	77.7	78.0
Expectations	78.1	82.4	93.3	82.0	79.9	86.9	92.7	86.1	71.4	69.3	97.5	107.2	99.8	71.3	101.5	42.2
SOUTH ATLANTIC																
Consumer Confidence Index	130.6	133.1	135.5	125.5	134.7	136.7	141.2	147.6	131.2	131.3	133.9	137.7	136.8	126.9	136.1	7.3
Present Situation	154.9	157.4	154.3	147.4	156.9	162.1	168.8	176.1	168.6	164.8	161.7	163.2	166.0	145.1	163.6	12.8
Expectations	114.4	117.0	122.9	110.9	119.8	119.8	122.9	128.6	106.2	109.1	115.4	120.7	117.4	114.8	117.8	2.7
EAST SOUTH CENTRAL																
Consumer Confidence Index	95.3	87.8	86.9	88.0	87.6	93.7	94.8	98.2	90.1	100.9	98.6	114.9	108.0	85.3	107.2	25.6
Present Situation	72.8	61.8	71.8	78.0	74.5	71.6	78.0	89.3	87.3	93.9	82.0	103.5	91.4	66.2	92.3	39.4
Expectations	110.3	105.1	96.9	94.8	96.3	108.4	106.0	104.2	92.0	105.5	109.8	122.5	119.0	98.1	117.1	19.4
WEST SOUTH CENTRAL																
Consumer Confidence Index	59.3	63.1	65.7	70.5	71.2	77.3	82.6	78.3	70.1	68.7	74.9	81.7	69.0	59.8	75.2	25.8
Present Situation	16.7	9.8	13.4	23.6	19.6	26.2	28.3	26.1	28.5	27.7	26.5	33.0	18.9	13.2	26.1	98.5
Expectations	87.7	98.7	100.6	101.9	105.7	111.4	118.8	113.1	97.8	96.0	107.2	114.3	102.5	90.9	108.0	18.8
MOUNTAIN																
Consumer Confidence Index	76.2	78.3	86.1	83.8	74.8	84.2	102.8	101.4	76.4	85.7	84.5	82.4	96.4	72.8	87.8	20.6
Present Situation	49.4	44.8	55.6	58.4	49.6	60.0	82.6	93.4	67.5	76.1	54.4	66.6	76.5	50.4	65.8	30.7
Expectations	94.1	100.6	106.4	100.7	91.6	100.3	116.3	106.8	82.4	92.1	104.5	93.0	109.7	87.7	102.4	16.8
PACIFIC																
Consumer Confidence Index	107.1	105.2	106.5	112.3	114.7	124.0	125.1	125.3	125.5	121.2	125.2	135.2	124.6	107.0	128.3	20.6
Present Situation	101.0	105.5	112.9	133.2	132.2	147.1	149.0	151.4	152.1	148.2	140.0	157.3	150.9	104.2	149.4	43.3
Expectations	111.1	105.0	102.3	98.4	103.0	108.6	109.1	107.9	107.7	103.2	115.4	120.4	107.0	108.8	114.3	5.1

***Percent Change: average of last three months shown as compared with same period year ago. Regional data are not adjusted for seasonal variations.**

CONSUMER CONFIDENCE BY AGE AND INCOME CLASS

Seasonally adjusted – index numbers: 1985 = 100	1987 Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1988 Jan.	Feb.(r)	Mar.(p)	3 mos. Percent, Change*
TOTAL U.S.														
Consumer Confidence Index	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1	100.8	107.7	109.9	114.9	112.8	4.3
Present Situation	94.2	92.7	99.1	107.9	106.2	115.6	120.5	124.4	115.6	119.8	121.5	129.1	124.8	4.3
Expectations	96.8	100.5	105.6	98.2	105.6	107.5	112.5	108.9	90.9	99.6	102.2	105.5	104.8	4.4
AGE OF HOUSEHOLD HEAD														
Consumer Confidence Index														
Under 35	107.2	102.3	107.5	112.0	114.5	111.2	120.7	122.3	110.2	121.5	116.5	124.4	118.6	1.6
35-54	97.0	102.3	105.1	107.9	108.0	115.7	120.0	113.9	103.5	105.9	111.1	113.6	116.9	5.7
55 and over	82.5	85.8	93.8	87.1	93.8	102.7	102.5	107.2	86.7	95.6	99.1	104.6	99.4	4.7
Present Situation														
Under 35	106.8	94.4	99.1	115.8	111.4	116.9	126.3	130.6	123.0	130.6	126.5	137.8	127.3	1.9
35-54	98.5	100.5	100.6	115.0	108.7	121.6	128.2	123.6	114.4	118.3	122.5	128.4	131.9	7.4
55 and over	81.1	84.7	97.7	97.0	101.1	108.7	106.7	120.0	111.0	113.8	116.1	122.7	115.2	2.7
Expectations														
Under 35	106.3	107.6	113.1	109.4	116.6	107.4	117.0	116.7	101.6	115.6	109.7	115.4	112.7	1.2
35-54	96.1	103.6	108.1	103.2	107.6	111.8	114.4	107.4	96.2	97.7	103.6	103.9	107.1	4.4
55 and over	83.4	86.6	91.1	80.4	89.0	98.7	99.7	98.5	70.4	83.3	88.1	93.0	89.1	7.1
HOUSEHOLD INCOME														
Consumer Confidence Index														
Under $15,000	78.5	74.1	84.3	80.6	86.3	78.3	88.0	87.1	74.6	83.9	85.1	89.0	85.7	5.7
$15,000-24,999	87.8	90.0	99.0	98.5	92.6	100.4	106.2	113.8	97.8	103.4	106.0	116.7	107.1	4.7
$25,000 and over	108.9	114.4	115.4	117.9	123.4	130.3	131.8	128.6	114.7	120.6	122.7	126.8	127.0	3.5
Present Situation														
Under $15,000	58.9	57.3	66.5	76.2	79.3	74.9	77.4	82.5	74.9	77.6	74.7	80.1	76.9	– 1.4
$15,000-24,999	82.8	76.2	91.2	100.5	87.7	96.0	109.7	119.0	104.2	107.7	111.6	124.2	109.7	4.4
$25,000 and over	120.6	121.8	122.4	132.8	132.6	143.1	145.5	146.3	140.2	145.5	148.5	156.2	152.4	5.8
Expectations														
Under $15,000	90.5	85.1	96.4	83.6	91.2	80.7	95.5	90.5	74.4	88.6	91.3	93.7	90.6	8.7
$15,000-24,999	91.0	99.1	104.2	97.2	96.0	103.6	103.9	110.4	93.5	100.6	102.1	111.3	105.0	4.6
$25,000 and over	101.8	109.6	110.7	107.7	117.1	121.8	122.4	116.5	97.6	103.6	106.1	108.2	110.6	2.2

*Percent Change: average of last three months shown as compared with preceding three months. Age and income data have been adjusted for seasonal variations.

Consumer Assessment of Job Availability and Unemployment

* Percent of respondents reporting "job hard to get", Conference Board Consumer Confidence Survey

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